

L&PS New Jersey Department of Law and Public Safety

Division of Gaming Enforcement

Office of the Attorney General

David Samson, Attorney General

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DGE Takes Enforcement Action Against Arthur Andersen

TRENTON - Attorney General David Samson today announced that the New Jersey Division of Gaming Enforcement has filed with the Casino Control Commission a complaint and motion for a temporary order seeking to prohibit New Jersey casinos from doing business with the accounting firm Arthur Andersen.

Under the New Jersey Casino Control Act, Andersen's recent federal indictment for obstruction of justice and destroying documents relating to the Enron case disqualifies the company from continuing to transact business with New Jersey casinos and their parent companies.

"It is essential to maintain public confidence in New Jersey's casino industry and its financial soundness through objective and impartial auditing," Attorney General Samson said. "Arthur Andersen's indictment calls into question its integrity and ability to meet the high standards required to carry out sound business practices necessary to do business with New Jersey casinos." (Attorney General Samson's complete statement concerning today's enforcement action against Arthur Andersen is attached.)

As part of the action before the Casino Control Commission, the Division also seeks to revoke the exemption previously granted to Andersen by the Commission. In 1986, the firm was exempted from casino service industry licensing in accordance with the Casino Control Act section 92c which allows companies already regulated by a public agency to request exemption from Commission licensing requirements.

"Based upon the seriousness of the charges set forth in the federal indictment, exemption from licensure is no longer warranted," DGE Acting Director Thomas Auriemma said.

"Independent accounting firms play a critical role in ensuring that casinos comply with all necessary regulatory safeguards," Auriemma said. "The charges in the indictment seriously undermine the state's ability to rely upon audits undertaken by Andersen. Swift

action is, therefore, appropriate to maintain the high standards demanded by the Casino Control Act."

The motion for a Temporary Prohibitory Order is expected to be heard at the next Commission public hearing on March 27, 2002. A vendor may be temporarily prohibited from transacting business with casinos, pending a plenary hearing, in accordance with sections 109 and 129 of the Casino Control Act.

If the Commission grants the motion, the casinos will have 15 days to terminate their relationship with Andersen. The Division also seeks a permanent order prohibiting the casinos and their parent entities from doing business with Andersen.

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